

MINUTES

STATE OF WASHINGTON ENERGY FACILITY SITE EVALUATION COUNCIL

December 20, 2001 – Special Meeting

925 Plum Street, Bldg. 4, 3rd floor
Olympia, WA 98501

ITEM 1: CALL TO ORDER

Acting Chair Charles Carelli called the meeting to order at 2:00 p.m. A quorum was present.

ITEM 2: ROLL CALL

EFSEC Council Members

Community, Trade & Economic Development
Department of Ecology
Department of Fish & Wildlife
Department of Natural Resources
Utilities & Transportation Commission
Chair

Dick Fryhling
Charles Carelli
Jenene Fenton – phone
Terry Kirkpatrick
Dick Byers – phone
Jim Luce – phone

EFSEC Staff and Counsel

Mike Mills, Staff
Diane Burnett, Staff
Robert Fallis, AAG, EFSEC

Guests

Laura Schinnell-Energy Northwest; Grant Bailey-Jones and Stokes (via phone)

ITEM 3: ADOPTION OF THE PROPOSED AGENDA

The agenda was accepted as presented for this special meeting.

ITEM 4: SATSOP COMBUSTION TURBINE PROJECT

<i>Selection of Independent Consultant – Review of Phase II Application</i>	<i>Mike Mills, EFSEC Manager</i>
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Mike Mills reported that in November in anticipation of Duke Energy Grays Harbor and Energy Northwest filing an application to amend the Satsop Combustion Turbine (CT) Site Certification Agreement (SCA) to add an additional 650 megawatt combustion turbine project, staff proceeded to retain the services of an independent consultant to support the Council's review. A Request For Proposals (RFP) for consulting services was issued on November 15th, with responses due December 7th. In the RFP, the Council indicated it was interested in hiring a firm or firms to provide consulting services. The expectation was that a pool of qualified companies

would be available to choose from to perform services over the next 2-year period. At the close of the response period, only two firms submitted proposals, Jones and Stokes and Shapiro and Associates.

Both of these firms were already under contract to the Council for consulting services for reviewing combustion turbine projects. The Council chose to interview both firms, with the possibility of hiring both firms. On Monday, December 17th, a selection committee comprised of Council member Chuck Carelli, EFSEC Manager Allen Fiksdal, and EFSEC staff Mike Mills, held interview sessions with Jones and Stokes and Shapiro and Associates.

Mr. Mills reported that based on the interviews, the selection panel had a difficult job in selecting the company that would perform the initial Satsop CT Phase II work. The decision was difficult because both firms demonstrated a good working knowledge of how EFSEC functions and the specific tasks involved to complete the Satsop Phase II work. In addition, both firms have produced good work for us in the past and both made excellent presentations.

Mr. Mills indicated that the selection panel is recommending that the Council award the Satsop Phase II review work to Jones and Stokes. The deciding factors for selecting Jones and Stokes was their work in previous expedited processes and a good approach for completing the anticipated phases of the Satsop Phase II application review. Jones and Stokes also has a working experience with Bonneville Power Administration (BPA) on National Environmental Policy Act (NEPA) matters.

Counsel Rusty Fallis asked for clarification on the recommendation. Mr. Mills replied that Jones and Stokes would be awarded a contract for the Satsop Phase II Project now, with the possibility of receiving future on-call work. The Jones and Stokes contract would be for two years, with a total award not to exceed \$2 million.

Mr. Mills reviewed the approach that was decided upon for awarding work to the two firms, if the Council approves contracts with both Jones and Stokes and Shapiro and Associates. Jones and Stokes would receive the first task order on the Satsop Phase II project. Shapiro would receive the second major work, with Jones and Stokes receiving the third, and Shapiro receiving the fourth, etc., with the major work threshold being anything over \$100,000. Staff believes that a potential site study and any application, whether expedited or a full application review, will exceed that amount. For work or special projects below \$100,000, it is proposed that work be awarded on a case-by-case basis. Either firm could submit a proposal to perform the work and the Council would make a decision based on the firms' qualifications and current availability of personnel and/or subcontractors.

The proposed on-call contracts would look similar, except at this time, Jones and Stokes would be awarded the first task order – the Satsop Phase II work. The contracts are for a two-year period, with a provision that if additional work on a project was necessary to finish the task(s) at hand, they could be extended to maintain the continuity of the work until completion.

Dick Fryhling asked if we would be looking further for additional consultants over the next few years. Mr. Mills responded that these two firms are expected to be able to handle the Council's workload during the next two-year period.

Chuck Carelli added that only two proposals were received. The nature of the work is such that many of those who might perform this work for the Council, have been disqualified by performing other work for individual applicants. Mr. Mills reported there were a number of calls over the response period and many were from smaller firms wanting to join with larger firms as a sub and be able to do work for the Council in that capacity. A number of larger firms are working for applicants at this time, which is reflective of the small number of companies who replied to the RFP.

Ms. Jenene Fenton asked if there was still a concern about exceeding the Office of Financial Management (OFM) approved limit on the current contract with Jones and Stokes. She questioned if we would run up against the total dollar limit, or because we are creating a different contract, would it make a difference.

Mr. Mills responded that he spoke with the OFM contracts office this morning and the work that Jones and Stokes is doing under their existing contract for Sumas, Starbuck and Wallula has a \$2.5 million cap and we have spent approximately \$2.1 million, so there is some money still available to them on that contract. This will be a separate contract, which staff would propose a "not to exceed" amount of \$2 million, in anticipation that the amount will be enough to cover any work over the next two-year period. This will be a new contract filed on its own merits, not an amendment to the existing contract.

Jim Luce commented he likes this approach for several reasons. First, the RFP was for a two-year period so anyone who wanted to get into the process could work for the Council for the next two years. Second, he likes the fact that there would be a pool of contractors capable of doing the work. EFSEC could then move on a case-by-case basis, on a rotating schedule, and that will serve us well and avoid issuing any additional future RFP's within that time frame.

Mr. Carelli asked how the \$100,000 threshold would be documented so that Shapiro knows the next task over \$100,000 would go to their offices for contracting and not go to Jones and Stokes. Mr. Mills stated that he had discussed this issue with Mr. Fallis and they will include appropriate language in the contract document to help differentiate between contract tasks for both of the consultants.

Jim Luce restated his understanding that the contract would have criteria built into it to clearly identify the assigning of contract tasks alternately between the two firms over the next two-year period. Mr. Mills agreed that was the intent. It was noted that there will be open communication regarding project assignments and clarity on who receives assignments.

Counsel Fallis asked for clarity on the motion.

Jenene Fenton made the following motion to approve the selection of Jones and Stokes for an independent consultant contract as presented by staff, starting with the initial task of reviewing the Satsop CT Project, Phase II application.

Motion: To approve a contract with Jones and Stokes to perform the Satsop CT Phase II work; and other application and/or special project work that the Council may designate within the next two-year period; with a not to exceed \$2 million contract limit.

Dick Byers seconded the motion.

Action: The motion passed unanimously.

<i>Public Meeting January 16, 2002</i>	<i>Mike Mills, EFSEC Manager</i>
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Mr. Mills stated as part of the review process under both the SCA amendment and the expedited review processes; there is a requirement that the Council hold a public meeting within 60 days of the receipt of an application. The tentative date of January 24th for that meeting is being rescheduled and will be held on Wednesday, January 16, 2002, beginning at 7:00 PM at the Montesano City Hall. The arrangements are being made and Chair Luce invited all Council members to attend.

ITEM 5: CONSULTING SERVICES CONTRACT

<i>Selection of On-Call Consulting Firm</i>	<i>Mike Mills, EFSEC Manager</i>
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Mr. Mills stated that staff recommends approving a contract to hire Shapiro and Associates to provide on-call consulting services for application review work and/or special project work over the next two year period; with a not to exceed amount of \$2 million. Since Jones and Stokes has been chosen to work on the Satsop CT project, this being the first project in the amount of \$100,000 or more, then Shapiro and Associates would work on the second major project request that totals \$100,000 or more. The project assignments would be alternated between the two firms, when the amount of a task amounts to \$100,000 or more. If Shapiro and Associates was working on a project and the two-year period was at a close, the contract could be extended so the task could be satisfactorily completed.

Dick Fryhling requested clarification on the time and dollar limit of the contracts. Mr. Mills responded that the work would be assigned to each consultant by a task order with a budget and scope specified. Both consultants' proposals included two main elements that will be helpful to the Council. The first element is experience with the expedited process and knowledge of the SEPA process, which may assist the EFSEC manager with the determination. The second element is if an EIS is required, they both have experience with EIS documents.

Jenene Fenton made a motion to approve an on-call contract with Shapiro and Associates.

Motion: To approve a contract with Shapiro and Associates for on-call consulting services, for work on application reviews or special projects that amount to at least \$100,000; with specific tasks and budgets designated by the Council within the next two-year period; with a not to exceed \$2 million contract limit.

Dick Byers seconded the motion.

Action: The motion passed unanimously.

ITEM 6: OTHER

<i>Wallula and Starbuck Reviews</i>	<i>Mike Mills, EFSEC Staff</i>
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Mr. Mills reported at the last Council meeting, the Wallula Adjudicative Hearing Schedule was adopted and it was to be the standard for the Starbuck Adjudicative Hearing as well. In terms of noticing when the Adjudication and the Call for Intervention would happen, that was to be keyed (for both projects) to our independent consultant, Jones and Stokes, indicating that the application was complete. This has recently occurred for Wallula, with the Call for Intervention having been issued today. For the Starbuck project, it was staff's understanding that Jones and Stokes would be submitting an application completion report tomorrow. Staff will then proceed to issue the Notice of Adjudication and Call for Intervention for the Starbuck project next week.

Ms. Fenton requested clarification on what constitutes a completeness review by Jones and Stokes? After they indicated that Wallula was complete, the Council received a 6-inch document of corrections. Then recently members received another ¼ inch document of corrections for Wallula, and just received a 6-inch document on corrections to Starbuck. What constitutes the determination of when the application is complete? Does Jones and Stokes re-review them once we get corrections or is the completion determination based on the assumption that there will be corrections coming in?

Mr. Grant Bailey from Jones and Stokes responded that in the case of Wallula and Starbuck, they had received the information prior to making their determination and providing it to the Council. They were able to review the information early on and then when the complete details came in, it was put into a formal package and sent to the Council. Therefore, while the updates or corrections were formally received at a later date, Jones and Stokes were able to keep up with the review of all the documents.

ITEM 7: ADJOURN

The Council was adjourned at 2:50 p.m.